

MINUTES

May 23, 2007
(Agenda Item 2)

California Debt Limit Allocation Committee
Jesse Unruh Building
915 Capitol Mall, Room 587
Sacramento, CA 95814

OPEN SESSION

Call to Order and Roll Call (Agenda Item 1)

Bettina Redway, Chairperson, called the California Debt Limit Allocation Committee (Committee) meeting to order at 1:33 p.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Anne Sheehan for Arnold Schwarzenegger, Governor,
Cindy Aronberg via teleconference for John Chiang, State Controller

Advisory Members Present: Theresa Parker, California Housing Finance Agency
Lynn Jacobs, Department of Housing and Community Development

Quorum: The Chairperson declared a quorum

Approval of the Minutes of the March 21, 2007 Meeting (Agenda Item 2) (Action Item)

Anne Sheehan moved approval of the minutes from the March 21, 2007 meeting. Upon a second, the minutes passed with the following vote: Bettina Redway: Aye; Anne Sheehan; Aye; Cindy Aronberg: Aye.

Executive Director's Report (Agenda Item 3) (Informational Item)

Joanie Jones Kelly reported the following:

- There are three Exempt Facility projects requesting allocation. This pool is competitive for calendar year 2007.
- There are two Industrial Development Bond (IDBs) projects requesting allocation.
- There are two Student Loan applications that were submitted for a competitive pool.
- In the Single Family Program Pool there are three projects requesting Mortgage Credit Certificates (MCCs) authority and one project requesting Mortgage Revenue Bond (MRBs) allocation.
- In the Qualified Residential Rental Pool there are a total of thirty-two projects requesting allocation.

- For all CDLAC Program Pools on the May agenda there are a total of forty-three projects for a recommendation of \$874,899,008 in tax-exempt bond allocation.

Consideration of a Revision to the 2007 CDLAC Meeting Schedule (Agenda Item 4) (Action Item)

Anne Sheehan moved approval of the revision. Upon a second, the revision passed unanimously with the following vote: Anne Sheehan: Aye; Cindy Aronberg: Aye; Bettina Redway: Aye.

The revised meeting schedule is attached.

Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Exempt Facility Projects and Awards of Allocation (Agenda Item 5) (Action Item)

Staff – Walter Akiyama

a. Consideration of Appeals

There were no appeals.

b. Consideration of Applications

Program Analyst Walter Akiyama stated the following:

- The Committee received three Exempt Facility applications submitted by CPCFA.
- Two projects are First Tier projects under regulatory mandate: Northern Recycling & Waste Services, LLC, and Bay Counties Smart. One project is a Non First Tier project under regulatory mandate, Waste Connections, Incorporated.
- Based on the policy approved at the March CDLAC meeting, due to the large demand for exempt facility projects, only \$40 million dollars in allocation will be reserved for each allocation round in the Exempt Facility Pool. Staff conducted a review of First Tier projects currently in the pipeline and has determined there is sufficient allocation in the Exempt Facility Pool to fund all First Tier projects for 2007.

Staff recommends approval of all three Exempt Facility applications for a total of \$31,125,000 in tax-exempt bond allocation.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
California Pollution Control Financing Authority (07-032)	Waste Connections, Inc.	\$15,500,000	\$15,380,000 (\$120,000 carryforward allocation)
California Pollution Control Financing Authority (07-057)	Northern Recycling & Waste Services, LLC	\$10,315,000	\$10,315,000

California Pollution Control Financing Authority (07-058)	Bay Counties SMaRT Inc.	\$5,310,000	\$5,310,000
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Anne Sheehan moved approval of staff’s recommendation. Upon a second, the item passed unanimously with the following vote: Anne Sheehan: Aye; Cindy Aronberg: Aye; Bettina Redway: Aye.

Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Small-Issue Industrial Development Bond Projects and Awards of Allocation
 (Agenda Item 6) (Action Item) Staff – Richard Fischer

a. Consideration of appeals

There were no appeals.

b. Consideration of applications

Richard Fischer stated the following:

The Committee received two Industrial Development Bond (IDB) projects that are requesting allocation. They were both submitted by the California Municipal Finance Authority. The projects are Prima Noce Packing, Inc., in the City of Linden in San Joaquin County, for \$8,285,375, and Contessa Premium Foods submitted by the City of Commerce, in Los Angeles County, for \$10,000,000.

Staff recommends approval of \$18,285,375 in allocation for the two Industrial Development Bond projects.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
California Municipal Finance Authority (07-078)	Prima Noce Packing, Inc.	\$8,285,375	\$8,285,375

The Committee voted on this item. Bettina Redway moved approval of staff’s recommendation. Upon a second, the item passed 2-0 with the following vote: Anne Sheehan: Aye; Bettina Redway: Aye; Cindy Aronberg: Abstained.

California Municipal Finance Authority (07-083)	Contessa Premium Foods	\$10,000,000	\$10,000,000
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The Committee voted on this item. Anne Sheehan moved approval of staff’s recommendation. Upon a second, the item passed 3-0 with the following vote: Anne Sheehan: Aye; Cindy Aronberg: Aye; Bettina Redway: Aye.

Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Student Loan Program and Awards of Allocation (Agenda Item 7 (Action Item)
 Staff – Brady Hill

Staff deferred this agenda item to the July 25, 2007 meeting.

Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Single Family Housing Programs and Awards of Allocation (Agenda Item 8)
 (Action Item) Staff – Sarah Lester. This agenda item was presented by Misti Armstrong.

1. Consideration of appeals

There were no appeals.

2. Consideration of applications

Misti Armstrong stated the following:

- The Committee received three applications requesting Mortgage Credit Certificates (MCC) authority. The fair share allocation recommendations are; the City of Santa Cruz for \$984,764 and San Diego County for \$5,935,940, and Santa Clara County for \$6,699,580 for a total allocation recommendation of \$13,620,284.
- The Committee received one application requesting Mortgage Revenue Bond allocation from the CRHMFA Homebuyers Fund for \$20,921,412.

Staff recommends the award of allocation sufficient to fund the MCC program for \$13,620,284 and the CRHMFA Homebuyers Fund for \$20,921,412 for a combined total of \$34,541,696 in the Single Family Housing Pool.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
Housing Authority of the County of Santa Cruz (07-055)	MCC Program	\$15,000,000	\$ 984,764
County of San Diego (07-060)	MCC Program	\$20,000,000	\$5,935,940
County of Santa Clara (07-090)	MCC Program	\$6,699,580	\$6,699,580
CRHMFA (07-063)	MRB Program	\$45,000,000	\$20,921,412

Anne Sheehan moved approval of staff’s recommendation. Upon a second, the motion passed unanimously with the following vote: Anne Sheehan: Aye; Cindy Aronberg: Aye; Bettina Redway: Aye.

Consideration of Release of Regulatory Agreement for the Chancellor II Apartments-CDLAC Resolution 01-199 (Agenda Item 9) (Action Item) Staff – Misti Armstrong

Misti Armstrong stated the following:

Action:

Approve the release of the regulatory agreement filed by the California Debt Limit Allocation Committee (“the Committee”) for the Chancellor II Apartments Project (Application No. 01-226).

Background:

On December 19, 2001, the Committee adopted a Resolution awarding \$5,208,247 of the 2001 State Allocation to the Chancellor II Apartments Project. Although bonds were issued by California Statewide Communities Development Authority (CSCDA), the project was not developed. On July 16, 2004, GTS Property Santa Ana, Inc. (GTS) acquired the Chancellor II Apartments (located in Los Angeles) from the original Project Sponsor. GTS also purchased Almond Tree Village (requesting approval on this agenda), (located approximately 1 ¼ mile from the Chancellor II site in Los Angeles), from the same developer. GTS has attempted to develop the Chancellor II site as an affordable site. Originally, the Chancellor II site had only 28 affordable units and 17 market units. The original Almond Tree Village site had 173 affordable units and 116 market units. GTS has since determined that the Chancellor II site was not feasible for an affordable project and has proposed converting Almond Tree Village to a 100% affordable project with 261 affordable units. This will give the City of Los Angeles a net gain of 60 more affordable units between the two previous (Chancellor II and Almond Tree Village) development plans.

GTS is requesting the Committee approve the release of the regulatory agreement for Chancellor II. GTS has recently acquired the release approval from the City of Los Angeles and CSCDA. (Letters have been received in support of this release from the Los Angeles Housing Department General Manager, Los Angeles Councilmember Herb Wesson where Chancellor II is located, and Councilmember Tom Labonge where Almond Tree Village is located.)

Recommendation:

Staff recommends the release of Chancellor II Apartments from the regulatory agreement found in Resolution No. 01-199, based on the support from the City of Los Angeles, its elected officials, CSCDA and the ultimate net gain in affordable units.

Anne Sheehan moved approval of staff’s recommendation. Upon a second, the item passed unanimously with the following vote: Anne Sheehan: Aye; Cindy Aronberg: Aye; Bettina Redway: Aye.

Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Qualified Residential Rental Projects and Awards of Allocation (Agenda Item 10) (Action Item) Staff – Joanie Jones Kelly

1. Consideration of Appeals

There were no appeals.

2. Consideration of Applications

Rural Pool Projects

Ms. Kelly stated that the Rural Pool received eleven applications for a total of \$32,058,000.

Staff recommends approval of all the projects with the exception of Lachen Tara (07-086) as requested by Cindy Aronberg.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
California Statewide Communities Development (07-067)	Salado Orchard Apartments	\$6,500,000	\$150,000 (\$6,350,000 carryforward allocation)
California Statewide Communities Development Authority (07-071)	Tulare Apartments	\$3,761,000	\$3,761,000
California Statewide Communities Development Authority (07-072)	Murray Apartments	\$1,900,000	\$1,900,000
California Statewide Communities Development Authority (07-076)	Woodlake Manor Apartments	\$2,087,000	\$2,087,000
California Statewide Communities Development Authority (07-077)	Clearlake Commons and Clearlake Village Apartments	\$4,700,000	\$4,700,000
California Statewide Communities Development Authority (07-084)	Riverwood Apartments	\$1,365,000	\$1,365,000
California Statewide Communities Development Authority (07-085)	Leebar Village Apartments	\$1,642,000	\$1,642,000
California Statewide Communities Development Authority (07-089)	Ruby Court Apartments	\$1,511,000	\$1,511,000
Town of Mammoth Lakes (07-093)	Tavern Road Plaza	\$10,500,000	Withdrawn

California Statewide Communities Development Authority (07-094)	Woodlake Apartments	\$1,340,000	\$1,340,000
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California Statewide Communities Development Authority (07-097)	Huntlee House Apartments	\$1,252,000	\$1,252,000
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Anne Sheehan moved approval of staff’s recommendation. Upon a second, the item passed unanimously with the following vote: Anne Sheehan: Aye; Cindy Aronberg: Aye; Bettina Redway: Aye.

Ms. Kelly stated that Agenda Item 07-086 would be presented to the Committee.

Cindy Aronberg stated that while the Controller’s Office does not believe that there is an actual conflict of interest on Agenda Item 07-086, out of an abundance of caution, she will not participate. Ms. Aronberg left the meeting.

Ms. Kelly stated that staff recommends approval of the Lachen Tara Apartments (07-086) project.

California Statewide Communities Development Authority (07-086)	Lachen Tara Apartments	\$6,000,000	\$6,000,000
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Anne Sheehan moved approval of staff’s recommendations. Upon a second, the item passed 2-0 with the following vote: Anne Sheehan: Aye; Bettina Redway: Aye.

Ms. Aronberg rejoined the meeting.

Mixed Income Project

Ms. Kelly stated that the Mixed Income Pool received one application for \$34,800,000 for The Preserve Apartments (07-068) which is requesting an exception to the \$30 million project cap per project imposed by Section 17.IV of the CDLAC Procedures.

Staff recommends that the Committee waive the maximum allocation amount for: 07-068 for The Preserve Apartments based on the demand for rental projects is such that the maximum allocation amount is not warranted due to the lack of competition there will be excess allocation for the current round. [\$34,800,000]

Staff also recommends the award of allocation sufficient to fund The Preserve Apartments in the Mixed Income Pool for a total of \$34,800,000.

California Statewide Communities Development Authority (07-068)	The Preserve Apartments	\$34,800,000	\$34,800,000
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Anne Sheehan moved approval of staff’s recommendations. Upon a second, the item passed unanimously with the following vote: Anne Sheehan: Aye; Cindy Aronberg: Aye; Bettina Redway: Aye.

General Pool Projects (includes Almond Tree Village

Ms. Kelly stated that the General Pool received twenty applications requesting \$251,931,053 in allocation.

Cindy Aronberg stated that while the Controller’s Office does not believe that there is an actual conflict of interest on the following projects, out of an abundance of caution, she will not participate. Ms. Aronberg left the meeting.

Staff recommends the award of allocation for the four projects listed below as requested.

Housing Authority of the County of Sacramento (07-062)	Ardenaire Apartments	\$7,619,000	\$7,619,000
City and County of San Francisco (07-065)	125 Mason Street Apartments	\$28,000,000	\$24,410,795 (\$3,589,205 carryforward allocation)
California Municipal Finance Authority (07-080)	Paseo Santa Clara Apartments	\$11,886,000	\$11,886,000
California Municipal Finance Authority (07-091)	Paseo Del Rio Apartments	\$16,949,198	\$16,949,198

Anne Sheehan moved approval of staff’s recommendations. Upon a second, the item passed 2-0 with the following vote: Anne Sheehan: Aye; Bettina Redway: Aye.

Ms. Aronberg rejoined the meeting.

Ms. Kelly stated that staff recommends the award of allocation to the remaining General Pool projects as requested.

Cindy Aronberg moved approval of staff’s recommendation. Upon a second, the item passed unanimously with the following vote: Anne Sheehan: Aye; Cindy Aronberg: Aye; Bettina Redway: Aye.

California Statewide Communities Development Authority (07-037)	Oak Park Senior Apartments	\$6,110,355	\$6,110,355
City of Hayward (07-052)	The Majestic Apartments	\$7,300,000	\$7,296,786 (\$3,214 carryforward allocation)

Redevelopment Agency of the City of Santa Cruz (07-061)	Tannery Artist Lofts Apartments	\$28,205,000	\$28,205,000
Community Redevelopment Agency of the City of Los Angeles (07-064)	Westminster Park Plaza Apartments	\$9,990,000	\$9,990,000
Housing Authority of the City of San Diego (07-066)	Redwood Villa Apartments	\$6,050,000	\$5,941,795 (\$108,205 carryforward allocation)
California Statewide Communities Development Authority (07-069)	The Rosslyn Lofts Apartments	\$30,000,000	\$30,000,000
California Statewide Communities Development Authority (07-070)	Almond Tree Village Apartments	\$27,000,000	\$27,000,000
California Statewide Communities Development Authority (07-073)	Evergreen Apartments	\$1,431,000	\$1,431,000
California Statewide Communities Development Authority (07-074)	Alder Apartments	\$2,068,000	\$2,068,000
California Statewide Communities Development Authority (07-075)	Frishman Hollow Apartments	\$8,000,000	\$8,000,000
California Municipal Finance Authority (07-079)	Casa Grande Senior Apartments	\$12,825,000	\$12,825,000
California Municipal Finance Authority (07-081)	Fox Courts Apartments	\$21,500,000	\$21,500,000
California Municipal Finance Authority	University Village Apartments	\$22,000,000	Withdrawn

(07-082)

Contra Costa County (07-087)	Riverstone Apartments	\$12,500,000	\$6,700,000 (\$5,800,000 carryforward allocation)
California Housing Finance Agency (07-088)	Parkview Apartments	\$6,405,000	\$6,405,000
ABAG Finance Authority For Nonprofit Corporations (07-092)	Heritage Park Apartments	\$6,500,000	\$6,500,000
Housing Authority of the City of Fresno (07-095)	Parc Grove Commons Phase II Apartments	\$17,730,000	Withdrawn
City of Los Angeles (07-096)	L.A. Colorado Terrace Apartments	\$1,592,500	\$1,592,500

Public Comment (Agenda Item 11)

There was no public comment.

Adjournment (Agenda Item 12)

The meeting adjourned at 1:52 pm.